

## MEMORANDUM

TO: Members, Public Disclosure Commission

FROM: Philip E. Stutzman, Director of Compliance

DATE: May 16, 2003

SUBJECT: Status of Compliance Cases

Enclosed is an update of all compliance activity since my last memo to you dated March 17, 2003. If you would like additional information, please let me know.

## Table of Contents

Respondent	Case Number	Page
Anderson, Don .....	03-007 .....	25
Asher, Dave .....	03-160 .....	21
Bellevue Charter Now .....	03-243 .....	15
Bellevue Charter Now .....	N/A .....	16
Citizens Against Gambling Expansion .....	03-157 .....	14
City of Vancouver (City Officials) .....	02-286 .....	23
Coalition for Effective Transportation Alternatives .....	03-176 .....	21
Committee to Dissolve the Rural Library .....	03-146 .....	12
Concerned Cit for Better Government and Joe Coomer	00-241 .....	16
Concerned Cit for Better Government and Joe Coomer	03-080 .....	9
Environmental Materials Transport, LLC, at its managers Hank Hopkins, Elling Halvorson, Catherine Boshaw, Michael Mehlhoff; TME Capital Group, LLC (TME), and its managers Elling Halvorson, Catherine Boshaw, Doug Edlund, Tim Teteak, John Taylor, Lon Halvorson		

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

.....	03-158	6
Foote, H.M. “Mike”	02-292	24
Foote, H.M. “Mike”	02-296	24
Foote, H.M. “Mike”	03-155	5
Fortunato, Phil	03-154	20
Hargraves, Steven	03-150	22
Hopkins, Hank/Environmental Materials Transport, LLC	03-153	4
Hunter, Ross	03-071	22
McCary, Danny	03-151	14
Michalson, Marty	03-156	5
National Education Association	02-282	18
Pearsall-Stipek, Cathy	02-294	24
Permanent Offense, Permanent Offense, Inc., Traffic Improvement Initiative Committee, and Tim Eyman	02-281	17
Peterson, Barbara	03-082	11
Rickert, Marilou	03-147	3
Roach, Pam	03-024	9
Seattle Monorail Project	03-177	22
Simpson, Geoff	03-148	13
Spencer, Dane	02-291	24
Sultanites For the Truth	03-159	21
The American Dream Coalition	03-079	20
Washington Education Association	01-002	17
Washington St. Democratic Central Committee	03-005	19
Washington St. Democratic Central Committee	03-078	10
Washington St. Democratic Central Committee	03-149	13
Wasson, Don; Peterson, Gary; Benjamin, Richard; Foote, H.M.; Steenrod, Maggie; Guite, Jerry; & Coomer, Joe	02-296	3

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

## **Part I**

### **Investigations Completed**

#### **Cases Scheduled For Hearing:**

##### **Scheduled for Full Enforcement Hearing**

**Rickert, Marilou--Case #03-147; Investigator: Sally Parker**

Date Received: December 2, 2002

Date Started: December 6, 2002

Section of Law: RCW 42.17.530

Status: Investigation Complete

Summary: A complaint was filed by State Senator Tim Sheldon alleging that Marilou Rickert, a candidate for State Senate in the 35<sup>th</sup> Legislative District in 2002, sponsored political advertising that contained false statements.

Disposition: An enforcement hearing before the full Commission has been scheduled for May 27, 2003.

##### **Scheduled for Brief Enforcement Hearing**

None at this time.

#### **Cases Closed**

The following cases were closed as a result of enforcement hearings: (Respondents may appeal the results of enforcement hearings. For the results of appeals, see “Compliance” and “Results of Enforcement” on the PDC’s home page at [www.pdc.wa.gov](http://www.pdc.wa.gov))

**Wasson, Don (hearing held); (Peterson, Gary; Benjamin, Richard; Foote, Michael; Steenrod, Maggie; Guite, Jerry; Coomer, Joe – hearing not held) Case #02-296; Investigator: Sally Parker**

Date Received: April 15, 2002

Date Started: April 19, 2002

Section of Law: RCW 42.17.040, .080, .090, .100, .120, .240 and .510

Status: Investigation Complete

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Summary: A complaint was received from Dave Kaplan alleging that Gary Peterson failed to disclose information on his Personal Financial Affairs Statement (PDC Form F-1); that consulting services were provided by Don Wasson to two Des Moines City Council candidates that exceeded the mini reporting limits; that the Des Moines Marina Association made contributions to three candidates for Des Moines City Council that were not disclosed; that a political advertisement was produced and distributed in the City of Des Moines without sponsor identification; that additional political advertisements supporting or opposing candidates for Des Moines City Council failed to contain proper sponsor identification and were not timely reported; and that public facilities of King County Water District #54 were used to produce and distribute a flyer that supported or opposed candidates for Des Moines City Council in the 2001 City Council elections. On May 1, 2002, a complaint addressing several of the same issues was received from Stanley M. Scarvie on behalf of Citizens for Des Moines. Mr. Scarvie’s complaint has been combined with Case #02-296.

**NOTE:** The investigative portion of the complaint regarding Michael Foote’s alleged use of the public facilities of King County Water District #54 to produce and distribute a flyer that supported or opposed candidates has been suspended pending the outcome of pending litigation.

In addition, Don Wasson was added as a Respondent, and staff alleged that Mr. Wasson failed to register as a political committee, failed to report contributions and expenditures for his political committee, accepted and made contributions in excess of \$5,000 within 21 days of the 2001 general election, and concealed the source and amount of contributions made and an independent expenditure. An enforcement hearing before the full Commission for Don Wasson was scheduled for January 28, 2003, but was postponed to March 25, 2003 before the full Commission.

**Disposition:** An Enforcement hearing before the Full Commission was held on March 25, 2003. See Summary of Results below.

**Hopkins, Hank/Environmental Materials Transport, LLC--Case #03-153;**

**Investigator: Sally Parker**

Date Received: April 15, 2002

Date Started: April 19, 2002

Section of Law: RCW 42.17.105 & .120

Status: Investigation Complete

Summary: This case is related to PDC Case No. 02-296 listed above. Hank Hopkins as President of Environmental Materials Transport, LLC (EMTLLC) was

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

added as a respondent by PDC staff alleging that Mr. Hopkins made contributions in excess of \$5,000 within 21 days of the 2001 general election by contributing \$20,000 to Don Wasson’s political committee to support Des Moines City Council candidates Petersen, Benjamin and Steenrod. It was further alleged that Mr. Hopkins and EMT LLC concealed the source and amount of an initial \$1,000 payment that was made to Don Wasson and his political committee to support the campaigns of Gary Petersen and Richard Benjamin. In addition, it is also alleged that Mr. Hopkins and EMT LLC concealed the source and amount of contributions that were made to Mr. Wasson’s political committee totaling \$20,000 that also supported the 2001 Council campaigns of Mr. Petersen, Mr. Benjamin, and Ms. Steenrod.

**Disposition:** An Enforcement hearing before the Full Commission was held on March 25, 2003. See Summary of Results below.

**Foote, Henry M. “Mike”--Case #03-155; Investigator: Sally Parker**

Date Received: February 7, 2003

Date Started: February 7, 2003

Section of Law: RCW 42.17.120

Status: Investigation Complete

Summary: A complaint was filed by Dave Kaplan alleging that Henry M. (Mike) Foote, a candidate for Des Moines City Council during the 1999 election cycle, received and reported contributions to his 1999 campaign that concealed, and failed to identify the true source of the funds.

**Disposition:** The matter was heard by the full Commission on March 25, 2003. See Summary of Results below.

**Michalson, Marty--Case #03-156; Investigator: Sally Parker**

Date Received: February 7, 2003

Date Started: February 7, 2003

Section of Law: RCW 42.17.120

Status: Investigation Complete

Summary: A complaint was filed by Dave Kaplan alleging that Marty Michalson, a candidate for Des Moines City Council during the 1999 election cycle, received and reported contributions to his 1999 campaign that concealed, and failed to identify the true source of the funds.

**Disposition:** The matter was heard by the full Commission on March 25, 2003. See Summary of Results below.

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Environmental Materials Transport, LLC (EMT) and its managers and TME Capital Group and its investors--Case #03-158; Investigator: Sally Parker**

Date Received: March 5, 2003

Date Started: March 5, 2003

Section of Law: RCW 42.17.120

Status: Investigation Complete

Summary: Based on the complaints filed by Dave Kaplan, PDC Case No. 03-155 & 03-156, in which it was alleged that Marty Michalson and Henry M. (Mike) Foote, both candidates for Des Moines City Council during the 1999 election cycle, received and reported contributions to their 1999 campaigns that concealed, and failed to identify the true source of the funds. The PDC staff investigation found that the following individuals and entities, Denis Bryant; Dixie Collett; Ginger Marshall; Enviroc, Inc; EMT and its managers Hank Hopkins, Elling Halvorson, Catherine Boshaw, Michael Mehlhoff; TME Capital Group, LLC (TME) and its investors Elling Halvorson, Catherine Boshaw, Doug Edlund, Tim Teteak, Lon Halvorson and John Taylor may have engaged in activities attempting to conceal the true source of the contributions made in PDC Case No. 03-155 & 03-156 in violation of Chapter 42.17 of RCW and were added as respondents in the complaint.

**Disposition:** On March 25, 2003, an Enforcement hearing before the full Commission was held for Environmental Materials Transport, LLC (EMT) and TME Capital Group. The matter of the alleged violations against the individual managers EMT and the investors of TME Capitol Group, were also heard by the full Commission on March 25, 2003. See Summary of Results below.

**Summary of Findings of March 25, 2003 Full Enforcement Hearing:**

**1999 and 2001 Des Moines City Council Issues**

- **TME Capitol Group, LLC and Environmental Materials Transport, LLC, Case #03-158 (For activities in 1999)**

**Results:** The Commission accepted a Stipulation of Facts, Violations and Penalty with an amendment that the Respondents will pay the assessed penalty within 30 days of the date of the order. The Commission found that the Respondents committed multiple violations of RCW 42.17.120 by concealing the source and amount of contributions made to candidates in the 1999 Des Moines City Council election. The respondents were

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

assessed penalty of \$40,000 (\$10,000 for each violation) plus \$3,000 to cover a portion of the Commission’s investigative costs.

- **Don Wasson, Case #02-296 (For activities in 2001)**  
**Results:** The Commission accepted a Stipulation of Facts, Violations and Penalty. The Commission found that Don Wasson violated RCW 42.17.040 by failing to register as a political committee that supported candidates in the 2001 Des Moines City Council election; RCW 42.17.065, 42.17.080 and 42.17.090 by failing to report contributions received and expenditures made by the political committee; RCW 42.17.105 by accepting contributions and making expenditures in excess of \$5,000 within 21 days of the 2001 general election; and RCW 42.17.120 by concealing the source and amounts of contributions that supported candidates in the 2001 Des Moines City Council election. Mr. Wasson was assessed a penalty of \$10,000 with \$7,500 suspended based on conditions set forth in the Stipulation. The Stipulation was contingent upon Mr. Wasson resigning from office as a Des Moines City Councilmember. \$7,500 was suspended on the condition that there is no future violation of public disclosure laws. In accepting the Stipulation, Mr. Wasson agreed not to seek election to public office, not serve as a campaign treasurer for any political committee or candidate, or solicit campaign contributions.
- **Hank Hopkins, Environmental Materials Transport, LLC, Case #03-153 (For activities in 2001)**  
**Results:** The Commission found multiple apparent violations of RCW 42.17.120 by the Respondents for concealing contributions used to benefit candidates in the 2001 Des Moines City Council election. Given the insufficiency of its penalty authority, the Commission referred the apparent violations to the Attorney General’s Office for appropriate action.
- **Henry M. Foote, Jr., Case #03-155 (For activities in 1999)**  
**Results:** The Commission dismissed the allegation that Mr. Foote concealed the source of a campaign contribution received during his 1999 Des Moines City Council race.
- **Marty Michalson, Case #03-156 (For activities in 1999)**

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Results:** The Commission dismissed the allegation that Mr. Michalson concealed the source of a campaign contribution received during his 1999 Des Moines City Council race.

- **Denis Bryant, Case #03-158 (For activities in 1999)**  
**Results:** The Commission dismissed the allegation that Mr. Bryant concealed the source of campaign contributions made during the 1999 Des Moines City Council election.
- **Dixie Collett, Case #03-158 (For activities in 1999)**  
**Results:** The Commission dismissed the allegation that Ms. Collett concealed the source of a campaign contribution made during the 1999 Des Moines City Council election.
- **Ginger Marshall, Case #03-158 (For activities in 1999)**  
**Results:** The Commission dismissed the allegation that Ms. Marshall concealed the source of a campaign contribution made during the 1999 Des Moines City Council election.
- **Michael Mehlhoff and Enviroc, Inc., Case #03-158 (For activities in 1999)**  
**Results:** The Commission dismissed the allegation that Mr. Mehlhoff and Enviroc, Inc. concealed the source of campaign contributions made during the 1999 Des Moines City Council election.
- **Henry M. Foote, Jr., Case #02-296 (For activities in 2001)**  
**Results:** The Commission dismissed the allegation that Mr. Foote concealed the source of campaign contributions received during his 2001 Des Moines City Council race.
- **Margaret Steenrod, Case #02-296 (For activities in 2001)**  
**Results:** The Commission dismissed the allegation that Ms. Steenrod concealed the source of campaign contributions received during her 2001 Des Moines City Council race.
- **Gary Petersen and Richard Benjamin, Case #02-296**  
**Results:** The Commission tabled action on the allegations against Mr. Petersen and Mr. Benjamin pending further review by PDC staff.



**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Concerned Citizens for Better Government (CCBG) and Joseph Coomer, Treasurer, CCBG--#03-080; Investigator: Kurt Young**

Date Received: November 6, 2002

Date Started: November 6, 2002

Section of Law: RCW 42.17.080 and .090

Status: Investigation Complete

Summary: A complaint was filed by Vicki Rippie, PDC Executive Director, alleging that the Concerned Citizens for Better Government (CCBG) and Joseph Coomer, Treasurer of CCBG distributed political advertising related to more than one election cycle without reporting contribution and expenditures activities that were undertaken.

**Disposition:** This matter was presented as a report to the Commission on March 25, 2003. The Commission found multiple apparent violations of RCW 42.17.065, 42.17.080 and 42.17.090 by the Respondents for failing to timely report contribution and expenditure information for 2001 and 2002 activities supporting or opposing candidates and ballot propositions. Given the insufficiency of its penalty authority, the Commission referred the apparent violations to the Attorney General’s Office for appropriate action.

**Brief Enforcement Hearings:** For the results of group enforcement brief enforcement hearings, other than from investigations, see “Compliance” and “Results of Enforcement” on the PDC’s home page at [www.pdc.wa.gov](http://www.pdc.wa.gov))

The following cases were dismissed with the concurrence of the chair during this period:

**Roach, Pam – Case #03-024; Investigator: Lori Anderson**

Date Received: August 12, 2002

Date Started: August 12, 2002

Section of Law: RCW 42.17.080, .090 and .095

Status: Investigation Complete

Summary: A complaint was received from Greg Rodriguez alleging that the Pam Roach Campaign failed to timely file contribution and expenditure activities for her 2002 re-election campaign, and that Ms. Roach failed to file reports disclosing activities of her surplus funds account.

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Disposition:** Dismissed with the concurrence of the chair. It was found that Pam Roach became a candidate for re-election to the state Senate in 2002 on July 12, 2000, when she accepted campaign contributions. The Citizens for Pam Roach failed to timely file C-3 reports for three deposits made between August 2000 and January 2001 totaling \$3,458.54. The C-3 reports were filed on March 24, 2003. The campaign began electronically filing reports on May 10, 2002. A C-3 report electronically filed on June 10, 2002, reflected a transfer of \$4,450.07 remaining from the 1998 campaign, but the amount was actually the campaign’s account balance at the time the treasurer joined the campaign, and not surplus funds from 1998. In addition, the Citizens for Pam Roach failed to timely file two C-4 reports – one was one day late and the other was two days late. The Citizens for Pam Roach was cautioned to ensure that complete C-3 and C-4 reports are timely filed in future campaigns.

The complaint also alleged that Senator Roach failed to report her surplus funds account activity. The investigation found that Senator Roach ended her 1998 senate campaign with a surplus balance. In a December 17, 1999 memo, Senator Roach stated that she had created a surplus funds account on December 10, 1998 and deposited the 1998 surplus into that account. Senator Roach filed a C-4 report for her surplus funds account on September 18, 2002, reporting all surplus funds account transactions from the inception of the account through September 13, 2002. Senator Roach failed to notify the PDC when transfers were made between the surplus funds checking and investment accounts. Senator Roach was cautioned to notify the PDC when transfers are made between the surplus funds checking and investment accounts.

**Washington State Democratic Central Committee--Case #03-078; Investigator:  
Sally Parker**

Date Received: October 28, 2002

Date Started: October 28, 2002

Section of Law: RCW 42.17.530

Status: Investigation Complete

Summary: A complaint was filed by Lois McMahan, a candidate for State Representative in the 26<sup>th</sup> Legislative District, alleging that the Washington State Democratic Central Committee (WSDCC) paid for and sponsored political advertising that contained false statements about Ms. McMahan’s candidacy.

**Disposition:** Dismissed with the concurrence of the chair. It was found that:

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

- It was the opinion of the WSDCC that Ms. McMahan’s vote against the amendment funding SBH 2554 was a vote against criminal background checks for school employees.
- The WSDCC’s statement was its opinion that House Bill 2399 would have resulted in redefining the definition of child abuse to a lower standard than that used to define cruelty to animals.
- Although Ms. McMahan voted in favor of the original bill, she did vote against the final version. PDC staff believes there is evidence that the statement in the ad regarding Ms. McMahan’s vote is factual.
- Ms. McMahan voted in favor of a motion to adopt an amendment that would have struck Section 11 of SB 5219, which appointed an interpreter to those who could not readily understand or communicate in a spoken language or in the English language. The WSDCC’s statement was its opinion that by voting for the amendment striking Section 11, Ms. McMahan voted to weaken SB 5219, and therefore voted to weaken the laws that protect women from violent stalkers.
- The WSDCC’s statement was its opinion because House Bill 1448, as originally introduced, did not exempt public libraries. It was the WSDCC’s opinion that if the bill had passed as originally introduced, the definitions set forth in the bill could have resulted in magazines such as those cited in the ad being banned from public libraries. In addition, the WSDCC relied on statements included in a Peninsula Gateway editorial dated February 8, 1995, to form its opinion.

Thus, there was no evidence that the ad sponsored by the WSDCC contained a false statement of material fact in violation of RCW 42.17.530.

**Peterson, Barbara--Case #03-082; Investigator: Tony Perkins**

Date Received: November 4, 2002

Date Started: November 4, 2002

Section of Law: RCW 42.17.105

Status: Investigation Complete

Summary: A complaint was filed by Maureen Gallegos, campaign manager for Jim Moeller a candidate for State Representative in the 49<sup>th</sup> Legislative District, alleging that Barbara Peterson, a candidate for State Representative in the 49<sup>th</sup> Legislative District, made contributions to her campaign within 21-days of the 2002 general election that exceeded the \$5,000 limitation.

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Disposition:** Dismissed with the concurrence of the chair. It was found that Barbara Peterson made an \$8,342 personal contribution to her campaign on October 25, 2002, that exceeded the \$5,000 limit in effect within 21 days of the general election. When the excess contribution was brought to her attention, Ms. Peterson immediately took steps to correct her error. On November 1, 2002, on the fifth business day after the over-limit contribution was received, the Barbara Peterson campaign issued a refund check to Ms. Peterson. During that same timeframe, Ms. Peterson solicited and received a \$3,500 contribution from the Clark County Republican Party to cover the refund. On November 4, 2002, one business day after the refund check was issued, the Barbara Peterson campaign was in possession of sufficient campaign funds to refund the over-limit contribution made by Ms. Peterson to her campaign. These funds were deposited into her campaign account the following day.

**Committee to Dissolve the Rural Library--Case #03-146; Investigator: Lori Anderson**

Date Received: November 21, 2002

Date Started: December 4, 2002

Section of Law: RCW 42.17.510

Status: Investigation Complete

Summary: A complaint was filed by Walter Kloefkorn alleging that the Committee to Dissolve the Rural Library (CDRL) located in Stevens County, sponsored political advertising opposing a local proposition that failed to contain any sponsor identification.

**Disposition:** Dismissed with the concurrence of the chair. It was found that CDRL registered as a political committee on January 15, 2002 and chose “mini” reporting. The treasurer for CDRL confirmed they sponsored the newspaper advertisement and the flyer that was mailed, and also used as an insert in the local newspaper. The treasurer went on to state that CDRL was not aware of the requirement to include sponsor identification on its political advertisements. CDRL asserts that it did not sponsor the hand-printed construction paper posters and no evidence was found to refute its assertion. CDRL stated that it has no knowledge of who sponsored the hand-printed signs or the yard sign. In accordance with Public Disclosure Commission practice, a warning letter was sent to the CDRL concerning the lack of sponsor identification on political advertising.

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Simpson, Geoff--Case #03-148; Investigator: Lori Anderson**

Date Received: December 3, 2002

Date Started: December 13, 2002

Section of Law: RCW 42.17.530

Status: Investigation Complete

Summary: A complaint was filed by Phil Fortunato, a candidate for State Representative in the 47<sup>th</sup> Legislative District, against Geoff Simpson, also a candidate for State Representative in the 47<sup>th</sup> Legislative District, alleging that Mr. Simpson sponsored political advertising that contained false statements.

**Disposition:** Dismissed with the concurrence of the chair. It was found that Cindy Converse was employed as the bookkeeper of Briargreen, Inc. a now defunct corporation owned by Mr. Fortunato. Cindy Converse wrote a letter dated January 3, 2001 that was reproduced in the political advertisement sponsored by the Geoff Simpson Campaign and the Washington State Democratic Central Committee (WSDCC). Ms. Converse signed a declaration that was included in the advertisements, attesting to the authenticity of the January 3rd letter and the truthfulness of the statements contained therein. Ms. Converse stated in a February 7, 2003 letter to PDC staff that she signed the declaration October 14, 2002 but mistakenly dated it October 14, 2000. Ms. Converse further stated she denied writing the letter dated November 17, 2002 that Mr. Fortunato submitted to support your claim that the WSDCC and Representative Simpson sponsored false political advertising.

**WA State Democratic Central Committee--Case #03-149; Investigator: Lori Anderson**

Date Received: December 3, 2002

Date Started: December 13, 2002

Section of Law: RCW 42.17.530

Status: Investigation Complete

Summary: A complaint was filed by Phil Fortunato, a candidate for State Representative in the 47<sup>th</sup> Legislative District, against the Washington State Democratic Central Committee (WSDCC) alleging that the WSDCC sponsored political advertising that contained false statements.

**Disposition:** Dismissed with the concurrence of the chair. It was found that Cindy Converse was employed as the bookkeeper of Briargreen, Inc. a now defunct corporation owned by Mr. Fortunato. Cindy Converse wrote a letter dated January 3, 2001 that was reproduced in the political advertisement sponsored by the WSDCC and the Geoff Simpson Campaign. Ms. Converse signed a declaration that was included in the advertisements, attesting to the

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

authenticity of the January 3rd letter and the truthfulness of the statements contained therein. Ms. Converse stated in a February 7, 2003 letter to PDC staff that she signed the declaration October 14, 2002 but mistakenly dated it October 14, 2000. Ms. Converse further stated she denied writing the letter dated November 17, 2002 that Mr. Fortunato submitted to support your claim that the WSDCC and Representative Simpson sponsored false political advertising.

**McCary, Danny--Case #03-151; Investigator: Tony Perkins**

Date Received: December 5, 2002

Date Started: December 13, 2002

Section of Law: RCW 42.17.080 and .090

Status: Investigation Complete

Summary: A complaint was filed by Richard Latham alleging that Danny McCary, a candidate for Franklin County Sheriff, failed to timely file reports of contribution and expenditure activities in accordance with RCW 42.17.

**Disposition:** Dismissed with the concurrence of the chair. It was found that Danny McCary filed the post-election C-4 report on January 31, 2003. The post-election C-4 report was due to be filed no later October 10, 2002. Mr. McCary thought that the post election C-4 report had been timely filed on October 7, 2002, but later acknowledged that the report was lost between him and his treasurer, and was not timely filed with the PDC or the Franklin County Elections Office. The late-filed post-primary election C-4 report included two deposits totaling \$1,945, but both deposits were timely reported on C-3 reports. The C-4 report also included expenditures totaling \$2,815.86 and a loan repayment of \$792.87. While the Public Disclosure Commission does not condone late filing, Mr. McCary's only late filed C-4 report was the post-primary election report that was due at a time when he was no longer a candidate. The remainder of Mr. McCary's campaign reports were filed in substantial compliance with reporting dates. Thus, the alleged violations do not warrant further enforcement action. Mr. McCary was cautioned to timely file campaign finance reports in future election campaigns.

**Citizens Against Gambling Expansion--Case #03-157; Investigator: Tony Perkins**

Date Received: February 13, 2003

Date Started: February 14, 2003

Section of Law: RCW 42.17.040, .080, .090 and .200

Status: Investigation Complete

Summary: A complaint was filed by James Springer, Chairman of the Entertainment Industry Coalition, alleging that the Citizens Against Gambling

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Expansion (CAGE) failed to timely register as a political committee, and failed to timely report contribution and expenditure activities that were undertaken in support of a grass roots lobbying effort.

**Disposition:** Dismissed with the concurrence of the chair. It was found that CAGE became the sponsor of a grassroots lobbying campaign on January 8, 2003, when it first incurred reportable expenditures exceeding \$500 in one month presenting a program to the public intended to influence legislation. CAGE reported its grassroots lobbying activities three days late on February 10, 2003, on PDC Form L-6. All activities of CAGE occurred on January 8, 2003 or later. All activities occurring prior to January 2003 were by or on behalf of WIGA and were paid for and reported by WIGA. As of March 31, 2003, CAGE has incurred a total of \$45,653.94 in expenditures, in the form of obligations, to Cocker Fennessy and others for its grassroots lobbying campaign. Prior to that date, CAGE reported that no monetary expenditures had been made, and that no monetary contributions or pledges of contribution had been received. CAGE is presently soliciting contributions to pay for its campaign. While CAGE was late in filing the initial activity report three days late, it did not merit formal enforcement action.

**Bellevue Charter Now--Case #03-243; Investigator: Kurt Young**

Date Received: April 28, 2003

Date Started: April 28, 2003

Section of Law: RCW 42.17.080, .090 and .510 & WAC 390-16-207

Status: Investigation Complete

Summary: A complaint was filed by Save Our City, a political committee formed in opposition to the Bellevue Charter measure, against the Bellevue Charter Now Committee (BCN), a political committee in support of making changes to the City of Bellevue Charter. The complaint alleged that BCN failed to timely report contribution and expenditure activity. It was also alleged that BCN failed to report the value of in-kind contributions for advertising in community newsletters, and that the ads failed to include proper sponsor identification.

**Disposition:** Dismissed with the concurrence of the Chair. It was found that the BCN yard signs were exactly 14” x 22”, and therefore exempt from the sponsor identification requirements, and that BCN submitted a C-3 report on April 29, 2003, amending its C-3 report to include the \$845 total for small contributors. In addition, BCN acknowledged that they produced a brochure that failed to include the complete sponsored identification, and they took immediate corrective action by stamping or handwriting “paid for by” on all remaining brochures after being notified of the complaint. In accordance with Commission policy, BCN was

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

warned to include proper sponsor identification in future political advertising. Finally, two C-3 reports submitted by BCN were filed eight days late, and one C-3 report was filed one day late, however, the information was available to the public before the May 20, 2003 special election.

**Bellevue Charter Now—(informal investigation conducted--no case number assigned) Staff: Suemary Trobaugh**

Date Received: March 20, 2003

Date Started: March 20, 2003

Section of Law: RCW 42.510

Status: Review Complete

Summary: A complaint was filed by Lynn Semler against the Bellevue Charter Now Committee (BCN), a political committee in support of making changes to the City of Bellevue Charter, alleging the BCN failed to include the proper sponsor identification on political advertising, and that BCN failed to report an in-kind contribution received from a neighborhood newsletter in the form of an article.

**Disposition:** Dismissed with the concurrence of the Chair. It was found that the cost of printing and distributing the newsletter in question was between \$25 and \$30, so the pro-rated costs for publishing the article was less than \$25, below the reporting threshold.

## **Cases Referred To Attorney General For Further Action**

**Concerned Citizens for Better Government (CCBG) and Joseph Coomer, Treasurer, CCBG--#00-241; Investigator: Kurt Young**

Date Received: October 21, 1999

Date Started: October 25, 1999

Section of Law: RCW 42.17.080 and .090

Status: Investigation Complete

Summary: A complaint was received from Meg Van Wyk, alleging that Concerned Citizens for Better Government (CCBG) and Joseph Coomer, Treasurer, CCBG, distributed political advertising without properly reporting or filing the required campaign disclosure reports. An enforcement hearing was held February 27, 2001.

**Disposition:** The Commission found that the Respondent committed multiple apparent violations and referred the matter to the Attorney General's Office.



**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Washington Education Association—Case #01-002; Investigator: Lori Anderson**

Date Received: August 15, 2000

Date Started: August 18, 2000

Section of Law: RCW 42.17.760

Status: Investigation Complete

Summary: A complaint was received from the Evergreen Freedom Foundation and public school employees alleging that the Washington Education Association (WEA) and Washington School Districts are in violation of RCW 42.17.680 and 42.17.760. The complaint alleges that Washington School Districts are in violation of RCW 42.17.680 by withholding dues and fees from employees' wages that are used by the WEA and the National Education Association (NEA) for contributions to political campaigns. The complaint also alleges that the WEA is violating RCW 42.17.760 by using agency shop fees for political contributions and expenditures without the affirmative authorization of non-members. The complaint was forwarded to the PDC by the Attorney General's Office following its receipt of the complaint from EFF. The complaint was filed with the Attorney General's Office and all County Prosecuting Attorneys requesting that an action be commenced in the courts to address the apparent violations of RCW 42.17. The complaint said that if an action were not commenced in court the complainant would seek appropriate legal and equitable relief pursuant to RCW 42.17. RCW 42.17.400(4) provides a 45-day time period before a complainant may take steps to initiate a citizen's action in superior court.

**Disposition:** The Commission accepted a Stipulation of Facts, Violations and Recommendations, found that the Respondent committed an apparent violation of RCW 42.17.760, stipulated to as actual violations, and referred the matter to the Attorney General's Office.

**Thurston County Superior Court Disposition:** The Attorney General's Office filed suit in Thurston County, and the case went to trial in Thurston County Superior Court. The Thurston County Superior Court found the Respondent intentionally violated RCW 42.17.760, and assessed a total civil penalty of \$400,000. The Washington Education Association has appealed that decision.

**Permanent Offense, Permanent Offense Incorporated, Traffic Improvement Initiative Committee, and Tim Eyman—Case #02-281; Investigator: Kurt Young; (Also received 45-Day Letter of Complaint)**

Date Received: February 6, 2002

Date Started: February 6, 2002

Section of Law: RCW 42.17.080, .090, .120, & .125

Status: Investigation Complete

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

**Summary:** A complaint was filed by PDC Executive Director Vicki Rippie against Permanent Offense, Permanent Offense Incorporated, Traffic Improvement Initiative Committee, and Tim Eyman alleging the following: 1) failure to properly report committee expenditures, including the purpose of those expenditures; 2) concealing the fact that committee funds were expended to pay Mr. Eyman for compensation for the work he performed on behalf of Permanent Offense; 3) use of committee funds to pay for Mr. Eyman’s personal expenses. In addition, a “45-day letter of complaint” was filed by Richard A. Smith and Knoll Lowney, attorneys with Smith & Lowney, PLLC, representing Permanently Offended, with the Office of the Attorney General and the County Prosecutor’s Offices in King, Snohomish and Thurston counties against Permanent Offense, Permanent Offense, Inc., Traffic Improvement Initiative, Tim Eyman, Karen Eyman, and Suzanne Karr alleging violations similar to those outlined in the PDC complaint.

**Disposition:** A report to the Commission was presented at its special April 9, Commission meeting. The Commission found that the Respondent committed multiple apparent violations and referred the matter to the Attorney General’s Office.

**National Education Association—Case #02-282; Investigator: Suemary Trobaugh; (45-Day Letter of Complaint)**

Date Received: January 31, 2002

Date Started: February 6, 2002

Section of Law: RCW 42.17.040, .080, .090, .680 and .760

Status: Investigation Complete

**Summary:** On January 31, 2002, the Evergreen Freedom Foundation, Lowell Johnson, Carrie Riplinger, Susan Kobes and David Williams, through attorney Jeanne Brown filed a citizen’s action letter under RCW 42.17.400(4) with the Office of the Attorney General and the State of Washington’s County Prosecutors’ Offices. The complaint alleged violations by the NEA’s Ballot Measure/Legislative Crisis and Media Campaign Fund of 1) RCW 42.17.040 et. seq (failure to register as a political committee); 2) violations of RCW 42.17.680(3) (diverting a portion of an employee's wages or salaries for contributions to political committees without the written request of the employee); and 3) violations of RCW 42.17.760 (using agency shop fees paid by non members to influence an election without written authorization by the Individual). On February 6, 2002, the Office of the Attorney General officially notified the PDC that they were referring the matter to the PDC for investigation. PDC Staff

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

completed a Preliminary Report of Investigation and prepared a memorandum to Commission members concerning Staff’s findings and recommendation.

**Disposition:** On April 9, 2002, the matter was on the Commission’s agenda as a report to the Commission. In light of the complaint the Evergreen Freedom Foundation filed against the NEA in Thurston County Superior Court on April 8, 2002 under provisions of RCW 42.17.400(4), the Commission accepted Staff’s recommendation that it take no action in this case. On August 23, 2002, Thurston County Superior Court Judge Paula Casey dismissed the lawsuit filed by EFF against NEA. Judge Casey’s dismissal was based on a decision by the WA State Court of Appeals in State ex rel. Evergreen Freedom Foundation v Washington Education Association, No. 25272-4-II, where the court stated that “Before the 10-day period<sup>1</sup> had passed after EFF’s second letter to the AG, the AG forwarded the allegations to the PDC for investigation...Because the AG acted before the end of the 10-day period, EFF could not bring a citizen’s action lawsuit under RCW 42.17.400...” By a unanimous vote, the Commission dismissed the allegations that NEA violated RCW 42.17.040 and 42.17.680.

On October 2, 2002, at a special Commission meeting, by a unanimous vote, the Commission dismissed the allegations that NEA violated RCW 42.17.040 and 42.17.680. By a unanimous vote, the Commission found multiple apparent violations of RCW 42.17.760 by the NEA when it used agency shop fees to make contributions or expenditures to influence an election or to operate a political committee without authorization from the employees. The Commission found that given the insufficiency of its penalty authority, in lieu of holding an enforcement hearing, the Commission referred the above referenced apparent violations to the Washington State Attorney General's Office for appropriate action pursuant to RCW 42.17.360 and .395 and WAC 390-37-100.

**Washington State Democratic Central Committee—Case #03-005; Investigator:  
Susan Harris**

Date Received: July 8, 2002

Date Started: July 8, 2002

---

<sup>1</sup> RCW 42.17.400 states: “The citizen action may be brought only if the attorney general...ha(s) failed to commence an action hereunder within forty-five days and after such notice and such person has thereafter further notified the attorney general...that said person will commence a citizen’s action within ten days upon their failure to do so...”

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Section of Law: RCW 42.17.065, .080, & .090

Status: Investigation Complete

Summary: A complaint was filed by PDC Executive Director Vicki Rippie alleging that the Washington State Democratic Central Committee (WSDCC) violated RCW 42.17.080 and .090 by failing to file C-3 reports disclosing contributions received during the 2000 election cycle. In addition, the complaint also alleged the WSDCC failed to timely file C-3 reports disclosing contributions received during the 2000 election cycle until August of 2001 and January of 2002.

**Disposition:** This matter was presented as a report to the Commission on August 27, 2002. The Commission found multiple apparent violations of RCW 42.17.080 and 42.17.090 for failure to timely file reports of contributions and expenditures, and referred the case to the Attorney General’s Office for appropriate action.

## **Part II**

### **Active Investigations**

#### **Investigations In Progress**

##### **The American Dream Coalition--Case #03-079; Investigator: Kurt Young**

Date Received: November 1, 2002

Date Started: November 1, 2002

Section of Law: RCW 42.17.100 and .530

Status: Under Investigation

Summary: A complaint was filed by John D. Morgan, Chair of the Kitsap County Democratic Central Committee, alleging that “The American Dream Coalition” failed to report independent expenditures made in opposition to Tim Botkin, an incumbent Kitsap County Commissioner seeking re-election, and made false statements about Mr. Botkin in political advertising paid for and sponsored by “The American Dream Coalition”.

Disposition: Pending

##### **Fortunato, Phil--Case #03-154; Investigator: Lori Anderson**

Date Received: December 30, 2002

Date Started: January 10, 2003

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Section of Law: RCW 42.17.530

Status: Under Investigation

Summary: A complaint was filed by Geoff Simpson, a candidate for State Representative in the 47<sup>th</sup> Legislative District, against Phil Fortunato, also a candidate for State Representative in the 47<sup>th</sup> Legislative District, alleging that Mr. Fortunato sponsored political advertising that contained false statements.

Disposition: Pending

**Sultanites for the Truth--Case #03-159; Investigator: Suemary Trobaugh**

Date Received: March 7, 2003

Date Started: March 14, 2003

Section of Law: RCW 42.17.040, .080 and .090

Status: Under Investigation

Summary: A complaint was filed by John Dick, board member of the Pro Sultan committee, alleging that the “Sultanites for the Truth” failed to register as a political committee in opposition to a local ballot proposition, and failed to report contribution and expenditure activities undertaken to produce and distribute a four-page newsletter.

Disposition: Pending

**Asher, Dave--Case #03-176; Investigator: Suemary Trobaugh**

Date Received: March 20, 2003

Date Started: March 28, 2003

Section of Law: RCW 42.17.640

Status: Under Investigation

Summary: A complaint was filed by Lois Gustafson alleging that Dave Asher, a candidate for State Representative in 2002 from the 45<sup>th</sup> Legislative District, exceeded the 2002 contribution limits by accepting an in-kind contribution from Argosy Cruise Lines for a fund raising event.

Disposition: Pending

**Coalition for Effective Transportation Alternatives--Case #03-176; Investigator: Suemary Trobaugh**

Date Received: April 4, 2003

Date Started: April 11, 2003

Section of Law: RCW 42.17.150, .170 & .200

Status: Under Investigation

Summary: A complaint was filed by Richard Borkowski alleging that the Coalition for Effective Transportation Alternatives (CETA), a coalition of supporters

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

organized to publicize the problems with Sound Transit's light rail proposal and to work for more cost-effective transportation, failed to report grassroots lobbying efforts that included radio advertisements and other activities.

Disposition: Pending

**Seattle Monorail Project--Case #03-177; Investigator: Kurt Young**

Date Received: March 6, 2003

Date Started: April 10, 2003

Section of Law: RCW 42.17.190

Status: Under Investigation

Summary: A complaint was filed by Stephen Lundgren, President of the Seattle Community Council Federation, against the Seattle Monorail Project (SMP) alleging that the SMP and SMP employees engaged in an indirect lobbying effort in support of legislation during the 2003 Legislative Session.

Disposition: Pending

## **Cases Under Review**

**Hunter, Ross--Case #03-071; Investigator: Kurt Young**

Date Received: October 21, 2002

Date Started: October 21, 2002

Section of Law: RCW 42.17.080, & .090

Status: Under Review

Summary: A complaint was filed by Justin Kawabori alleging that Ross Hunter, a candidate for State Representative in the 48<sup>th</sup> Legislative District, failed to timely file the 21-day pre-general C-4 report that was due to be filed no later than October 15, 2002, and that the Hunter Campaign also failed to timely disclose obligations for orders placed.

Disposition: Pending

**Hargraves, Steven--Case #03-150; Investigator: Tony Perkins**

Date Received: December 5, 2002

Date Started: December 13, 2002

Section of Law: RCW 42.17.080 and .090

Status: Under Review

**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Summary: A complaint was filed by Richard Latham alleging that Steven Hargraves, a candidate for Franklin County Sheriff failed to timely file reports of contribution and expenditure activities in accordance with RCW 42.17.  
Disposition: Pending

**NOTE: On July 29, 2002, King County Superior Court Judge Richard McDermott issued a Permanent Injunction in *Washington Education Association v. PDC et al.* against the PDC’s distribution of, investigations concerning, and enforcement of certain provisions of the PDC’s “Guidelines for School Districts in Election Campaigns” that were finalized by the PDC in August 2001. The Guidelines explain the PDC’s interpretation of RCW 42.17.130. The Findings of Fact and Conclusions of Law that were also entered by the superior court, along with the Permanent Injunction, raise questions about the constitutionality of RCW 42.17.130. The PDC filed an appeal from the Permanent Injunction with the Washington State Supreme Court, and also filed an Emergency Motion to Stay the Injunction Pending Appeal. On September 4, 2002, that motion was denied. As a result, the Permanent Injunction, and the Findings of Fact and Conclusions of Law, remain in effect.**

**Therefore, until the State Supreme Court has heard this case after full briefing and argument by the parties and has issued its written decision, we are suspending investigation of complaints alleging violations of RCW 42.17.130, with two exceptions. The PDC will investigate, but not bring to a hearing until the State Supreme Court issues its decision, those complaints involving the use of e-mail or internal mail systems for communicating endorsements, and the use of classrooms for distributing materials expressly advocating support for or opposition to one or more candidates. See our website for copies of the Permanent Injunction and Findings of Fact and Conclusions of Law, as well as RCW 42.17.130, WAC 390-05-271 and WAC 390-05-273.**

Based on the facts above, the following investigations are suspended until further notice:

**City of Vancouver (City Officials) -- Case #02-286; Investigator: Suemary Trobaugh**

Date Received: January 30, 2002

Date Started: February 13, 2002

Section of Law: RCW 42.17.130

Status: Investigation Suspended

Summary: A complaint was received from Kelly Hinton alleging that officials of the City of Vancouver used city facilities to support a February 5, 2002, local ballot proposition.

Disposition: Pending

**Note: If the Disposition shows "Pending," the case has not yet been resolved and no finding on the allegations has been made.**

**Spencer, Dane-- Case #02-291; Investigator: Suemary Trobaugh**

Date Received: March 18, 2002

Date Started: April 1, 2002

Section of Law: RCW 42.17.130

Status: Investigation Suspended

Summary: A complaint was received from Tom Hujar alleging that officials of the Bainbridge Island Park District used park facilities to support a February 5, 2002, local ballot proposition.

Disposition: Pending

**Foote, Michael -- Case #02-292; Investigator: Sally Parker**

Date Received: April 1, 2002

Date Started: April 15, 2002

Section of Law: RCW 42.17.130 and .510

Status: Investigation Suspended

Summary: A complaint was received from Robert Awford alleging that Michael Foote used the facilities of King County Water District #54 to produce and distribute a flyer that supported or opposed candidates for Des Moines City Council during the 2001 City Council elections.

Disposition: Pending

**Pearsall-Stipek, Cathy; McCarthy, Pat-- Case #02-294; Investigator: Sally Parker**

Date Received: April 3, 2002

Date Started: April 15, 2002

Section of Law: RCW 42.17.130

Status: Investigation Suspended

Summary: A complaint was received from Dale Washam alleging that Cathy Pearsall-Stipek, Pierce County Auditor, used or authorized the use of facilities of the Pierce County Auditor's Office to assist her 1998 election campaign for Pierce County Auditor and the 2002 election campaign of Pat McCarthy for Pierce County Auditor. The portion of the complaint alleging that Pat McCarthy violated RCW 42.17.130 was dismissed July 22, 2002.

Disposition: Pending

**Foote, Michael -- Case #02-296; Investigator: Sally Parker**

Date Received: April 15, 2002

Date Started: April 19, 2002

Section of Law: RCW 42.17.040, .080, .090, .100, .130, .240 and .510



**Note: If the Disposition shows “Pending,” the case has not yet been resolved and no finding on the allegations has been made.**

Status: .130 Portion of Investigation Suspended

Summary: A complaint was received from Dave Kaplan alleging a number of violations against several candidates and individuals. One allegation was that Michael Foote used the facilities of King County Water District #54 to produce and distribute a flyer that supported or opposed candidates for Des Moines City Council in the 2001 City Council elections. That portion of the complaint has been suspended pending the outcome of pending litigation. See Table of Contents for location of additional case summary information.

Disposition: Pending

**Anderson, Don--Case #03-007; Investigator: Kurt Young**

Date Received: July 10, 2002

Date Started: July 10, 2002

Section of Law: RCW 42.17.130

Status: Investigation Suspended

Summary: A complaint was received from Karl Sloan alleging that Don Anderson, an employee of the Okanogan County Prosecutor's Office and a candidate for Okanogan County Prosecutor in 2002, violated RCW 42.17.130 by using the facilities of the Okanogan County Prosecutor's Office to support his candidacy.

Disposition: Pending